



## **NEWS RELEASE**

### **WEE POH TRIMS LOSSES BY 70.3% TO S\$5.7 MILLION**

- **Now Debt-Free, With All Bank Loans Repaid**
- **Scheme of Arrangement Now Settled**
- **Major Loss-Making Subsidiary Disposed**

*Singapore, August 24, 2005* – Wee Poh Holdings Limited (“Wee Poh” or “The Group”), a Sesdaq-listed company has recently divested its loss-making civil engineering construction businesses. The Group is now in the final stages of acquiring The Winning Group, an established trader of watch movements and manufacturer and seller of branded watches in the Hong Kong and the PRC markets, which is subject to regulatory and shareholders’ approval.

After the announcement of its results for the financial year ended June 30, 2005 today, Mr Wong Teck Kui, Chairman of Wee Poh highlighted that its rationalization efforts to dispose substantially all of its construction activities, in particularly its wholly owned subsidiary, Wee Poh Construction Co. (Pte.) Ltd (“WPC”) in the second half of 2005 (“2HFY05”), have returned fruitful results. Wee Poh’s revenue for FY2005 was S\$1.6 million as compared with FY2004 of S\$19.8 million as a result of the divestment. As compared to the S\$4.8 million losses incurred in the first half of 2005 (“1HFY2005”), 2HFY05 reported a loss of only S\$0.9 million of which S\$0.7 million was attributed to the loss of disposal and deconsolidation of WPC and other subsidiaries of the Group. On the YoY basis, the degree of the losses has been greatly narrowed by more than 70.3%. This resulted in a 0.95-cent progression in its loss per share from 1.17 cents in FY2004 to 0.22 cents in FY2005.

“What is most significant is that, for the first time in many years, Wee Poh is now debt-free, with all bank loans repaid! The various measures we had taken had enabled us to

clear substantially most of our liabilities including those creditors under the Scheme of Arrangement. The total liabilities of the Group diminished from S\$28.6 million as at 30 June 2004 to S\$2.1 million as at 30 June 2005. Wee Poh is now ready to begin a new corporate journey on a clean slate,” said Mr Wong.

## **Financial Overview**

As a result of servicing its existing construction projects until completion and the subsequent disposal of its wholly owned subsidiary, WPC, the Group saw a 92.0% dip in its revenue to S\$1.6 million in FY2005, as compared to S\$19.8 million in the previous year. The Group has made a provision for impairment in respect of its freehold land and building of S\$0.6 million in line with the weak property market. This property was subsequently disposed in the second half of the year to repay part of the remaining outstanding borrowings with the banks. The Group has recognized a loss on disposal and deconsolidation of WPC and the other subsidiaries of the Group amounting to S\$0.7 million.

With the Group’s tremendous efforts in bank restructuring exercise, the Group is debt-free, after having repaid all the outstanding debts through a share placement in July 2004, sale of certain properties and via issuance of new shares to the banks.

“I am delighted to report that, for the first time since 2001, Wee Poh has finally returned to a positive equity position of S\$0.6 million from a previous S\$14.2 million capital deficiency position. This is a result of an effective rationalization exercise, including the bank restructuring exercise, the scheme of arrangement exercise and the disposal of our loss-making subsidiary WPC as well as share placements. With the construction industry losing its attractiveness in Singapore, moving away from our loss-making construction business is certainly a move in the right direction,” Mr Wong reiterated.

## Reverse Takeover

Wee Poh had entered into an agreement with Winning International Limited to acquire the entire paid up share capital of Winning Metal Products Manufacturing Company Limited ("The Winning Group") through a reverse takeover. Established in 1980, The Winning Group is one of the largest distributors of watch movements in Hong Kong and markets its products extensively in the PRC and Hong Kong markets. It distributes over 700 models of watch movements, including noted brands like Seiko, Epson, Ronda, ISA, Prestige, Swatch, Citizen, Miyota, Ricoh, Timex, France Epoch and Technotime. It also designs, manufactures and sells its own timepieces under its own house brands, "*Tian Wang*" brand of watches and a high quality Swiss imported "*Balco*" brand of watches, which are amongst the most popular domestic watches in the PRC.

The Winning Group has a profitable report card, with past pro forma net earnings at Singapore dollar equivalent for FY2002, FY2003 and FY2004 of \$2.9 million, \$4.5 million and \$7.4 million respectively. As part of the reverse takeover, The Winning Group has provided to Wee Poh a guaranteed profit of not less than S\$7.5 million (HK\$ 34.0 million) for FY2005.

"Going forward, upon completion of the reverse takeover, Wee Poh would have successfully transform from a loss-making construction business entity to an established watch business which has a strong foothold in North Asia, with focus on the growing economies in the PRC and Hong Kong," declared Mr Wong.

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